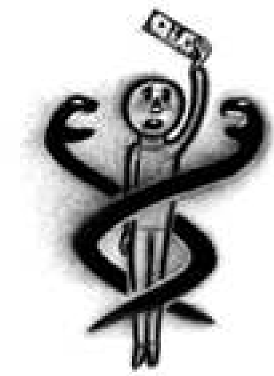
GHI/HIP MERGER THREATENS CITY WORKERS



Should corporations have the same rights as individual citizens? Should the public good be prioritized over enhanced corporate profits? The latest case which will yield answers to these questions is the proposed merger of the health care organizations GHI and HIP. Proposed first in 2005, this merger had faced opposition from state and city officials fearful that it violates anti-monopoly laws. For municipal workers covered under these carriers the merger presents the very real threat of premium increases and limitations on care.

One stumbling point for the proposed merger came in 2006 after city officials calculated that nearly 93% of all municipal workers would be covered under the proposed merger company – renamed Emblem Health Corporation. Such a centralization of coverage presents a clear budgetary threat to the city. Each 1% increase in the premium by Emblem Health would cost New York City $27.5 million. This means that a single mega-corporation would have the potential to drive the city into a budgetary crisis. Such a squeeze could then filter down into reductions in vital public services including education, transportation and public housing.

What would motivate Emblem Health to increase health insurance premiums? The second-stage in the merger agreement plans to convert GHI and HIP from not-for-profit healthcare providers into a for-profit company. As stated in the conversion document presented to the New York State Superintendent of Insurance both companies claim to have “suffered” under reduced profitability because their not-for-profit status limits their ability to raise premiums. In addition to premium increases for-profit healthcare providers also commonly provide tiering schemes in which the insured are divided into “low-risk” and “at-risk” groups each with varying amounts of coverage and premium costs.

Remarkably the very organizations which should offer the most resistance to this regressive plan, New York’s municipal trade unions, have remained silent. Worse still, the leadership of the United Federation of Teachers (UFT) are active supporters of the merger! Arthur Pepper the Executive Director of the UFT Welfare Fund claimed that savings made by the new mega-corporation will be “passed on to subscribers in the form of premium stabilization.” We should ask if Mr. Pepper or other union officials will become members of the new board of Emblem Health thereby receiving healthy payouts during the for-profit Initial Public Offering? In addition, municipal unions typically receive a portion of the proceeds during the conversion to for-profit status. Such short-term payouts mainly benefit union officials and will mean little once rank and file workers face a for-profit mega-corporation intent on maximizing profitability.

The GHI/HIP merger clearly highlights the need for a single-payer national healthcare system. For-profit healthcare guarantees higher costs, coverage limitations, has left more than 40 million people without coverage and, in this case, even provides a challenge to the viability of a public budget as large as that of New York City. While achieving this goal of universal healthcare is vital, it is crucially important to take actions to prevent the formation of this mega-corporation. In this case, the health care of workers such as teachers, transport workers and other municipal workers should be prioritized over and above the right of a corporation to violate monopoly laws in order to enhance its profitability. Therefore, New Yorkers are asked to participate in the January 29th hearings about the merger and are also encouraged to participate in the formation of a larger popular movement to prevent the proposed merger. Healthcare should be a human right not an arena for the accumulation of profits.

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